

# HB854 Statewide Housing Study

## Program Fact Sheet

### VH Conventional Loan Programs

#### Virginia Housing

**Note:** This fact sheet was created in October 2021. Program details can change regularly. For the most up-to-date information on this program and a program contact, please visit the link below:  
[Link to program website](#)

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## 01 Program goals

Virginia Housing Conventional Loan Programs include Tax-Exempt or Taxable Bond, Mixed Use/Mixed Income (MUMI), Resources Enabling Affordable Community Housing (REACH), Special Initiatives Program (SIP), and Sponsoring Partnerships and Revitalizing Communities (SPARC) program financing. Income, rent, or occupancy restrictions are imposed by Federal guidelines for the Tax-Exempt Bond program and Virginia Housing's enabling legislation, which requires that upon initial occupancy a household's gross annual or adjusted annual income not exceed the income limit(s) included in the Regulatory Loan Agreement.

The Rental Housing Resources Enabling Affordable Community Housing (REACH) program is designed to provide permanent mortgage financing for a variety of rental housing opportunities at a below market interest rate. The goal of the program is to bring new affordable rental units into service or to preserve existing subsidized rental units. Rental Housing REACH is not intended to serve as a product for the refinancing of existing rental housing units nor is it intended to provide construction or interim acquisition/rehabilitation financing for rental units. Rather, the Rental Housing REACH program is designed to support

the revitalization investment aspirations related to affordable rental housing of both rural and non-rural communities.

## 02 Funding sources

All of Virginia Housing's loans are funded with taxable bonds and tax-exempt bonds, as well as some internally generated funds (REACH Virginia) that can be standalone financing or layered with one another.

With respect to the Rental Housing REACH program, non-entitled communities generally access such HUD resources through the Virginia Department of Housing and Community Development (DHCD). Entitled communities often receive community development and housing funds through a direct relationship with HUD involving programs such as CDBG and HOME.

## 03 Governance

Virginia Housing uses the annual HUD published Section 8 income limits to calculate the income limits applicable for Virginia Housing Conventional Loan properties at 50%, 80%, 100%, 120%, and 150% of Area Median Income. These limits are not Adjusted for Family Size (AFS), meaning the income limits are not based upon the number of people in the household as published in the HUD Section 8 income limits chart.

## 04 Population served

The Rental Housing REACH program is designed to support revitalization investment aspirations related to affordable rental housing in both rural and nonrural communities. Non-entitled communities typically include unincorporated places in counties as well as incorporated towns and small cities. Entitled communities typically include urbanized metropolitan areas, larger cities, and suburban jurisdictions including counties. The program directly serves Nonprofit, Local Housing Authority, Local Governments, and Private

Developers who are developing or preserving affordable rental housing. The ultimate beneficiaries are the end-users of such development: the low income households who meet the specified income qualifications.

## 05 How program works

Virginia Housing specializes in providing lending terms typically not available from other lenders, and borrowers are not required to be Virginia-based:

- Below market financing rates
- Long-term rate locks on permanent debt before construction begins
- High leverage: minimum debt coverage ratio of 1.10 and a maximum 90 percent LTV ratio
- Non-recourse construction lending
- Non-recourse permanent lending
- Construction-to-permanent loan with one closing

Virginia Housing's fixed-rate, long-term financing is tailored to meet individual developer needs. Its loans require no outside bond counsel or credit enhancement. Applications must be submitted through approved mortgage brokers.

## 06 Program history

Virginia Housing's multiple multifamily loan products were created in different years as the need for new products arose.